Financial Results for the 2nd Quarter of the Fiscal Year ending March 31, 2014

October 31st, 2013

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FASF MEMBERSHIP

http://www.anritsu.com

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Cautionary Statement

All information contained in this release which pertains to the current plans, estimates, strategies and beliefs of Anritsu Corporation (hereafter "Anritsu") that is not historical fact shall be considered forward-looking statements of future business results or other forward-looking projections pertinent to the business of Anritsu. Implicit in reliance on these and all future projections is the unavoidable risk, caused by the existence of uncertainties about future events, that any and all suggested projections may not, come to pass. Forward-looking statements include but are not limited to those using words such as "believe", "expect", "plans", "strategy", "prospects", "forecast", "estimate", "project", "anticipate", "may" or "might" and words of similar meaning in connection with a discussion of future operations or financial performance.

Actual business results are the outcome of a number of unknown variables and may substantially differ from the figures projected herein.
Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas in which Anritsu conducts business, including but not limited to, Japan, Americas, Asia, and Europe, changes in actual demand for Anritsu products and services, increases or decreases in the competitive nature of markets in which Anritsu sells products or buys supplies, changing aptitudes at providing services, and exchange rates.

You also should not place reliance on any obligation of Anritsu to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Anritsu disclaims any such obligation.

Agenda

Ⅰ. Consolidated performance review of Q2 ended Sep.30th, 2013

Ⅰ-1.Outline of our business segments

Ⅰ-2.Consolidated performance

Ⅰ-3.Outlook of full year of the fiscal year ending March, 2014

Ⅱ. External evaluation on solutions, ESG and improving corporate value

I -1. Outline of our business segments

Test & Measurement (T&M)
For development, manufacturing, construction and maintenance
- Mobile
- Network Infrastructure
- Electronics

Industrial Automation
- Food Safety
- X-ray inspection systems
- Checkweighers

Others
- IP network equipment

- Opt. devices

(Revenue by business segment)
94.7 Billion Yen consolidated revenue in FY2012

T&M 75%			Industrial	Others
Mobile 50%	Network Infrastructure 30%	Electronics 20%	15%	10%

(Sales of T&M business by region)

Japan	Asia & Pacific	Americas	EMEA
25%	30%	30%	15%

(No notes here)

Ⅰ-2. Consolidated Performance –Business Segments-

Robust performance in the T&M business, with substantial expansion in mobile broadband services as growth drivers in the Americas and Asia

Segment	FY2013 Q2 (April to September, 2013)
Test & Measurement (T&M)	･Mobile: Demand for LTE Development and for smartphone manufacturing remained strong. ･Network infrastructure: Investment for base station development remained strong ･Electronics: Continue to reduce capital investment
	･Japan: Mobile-related investment greatly reduced ･Asia: Mobile-related demand for development and manufacturing remained strong ･Americas: Driven by smartphone development and base station development investment
Industrial Automation	Strong results both domestically and overseas

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Accounting for roughly 50% of our T&M Business, the mobile T&M Business continues to drive the Anritsu's performance. The growth drivers are development demand for LTE, development and manufacturing applications market for smartphone, and maintenance investment such as frequency realignment and improving the connection quality of wireless networks. Meanwhile, major changes and differences in investment trends and investment scale have appeared in different markets and among different customer groups. In addition, corporate acquisitions in the mobile communications field, the restructuring, downsizing and withdrawal of businesses, and other notable trends from Q2 onwards are associated with changes in the value chain and market mix.

As in FY2012, major activity was seen in the markets for LTE development applications, terminal development, and manufacturing in North America, where dominant players exist, followed by Asia. In contrast, smartphone vendors and operators in the Japanese market both greatly reduced their capital investment compared with the corresponding period of the previous year.

The Industrial Automation Business performed well throughout H1 centering on the Japanese and North American markets.

In Other businesses, Information & Communications business remained at the same level year on year, due to some elements involved in implementing the public investment budget.

I -2. Consolidated performance -Financial results-

Unit: Billion Yen

	2Q FY2012 (Apr. to Sep.)	2Q FY2013 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	47.3	50.6	3.3	7%
Revenue	46.3	48.1	1.8	4%
Operating profit (loss)	8.7	6.3	(2.4)	-27%
Profit (loss) before tax	8.1	6.6	(1.5)	-19%
Profit (loss)	6.9	4.3	(2.6)	-37%
Comperhensive Income	6.1	5.6	(0.5)	-9%
Free Cash Flow	4.7	4.5	(0.2)	-5%

Note : Numbers are rounded off in each column

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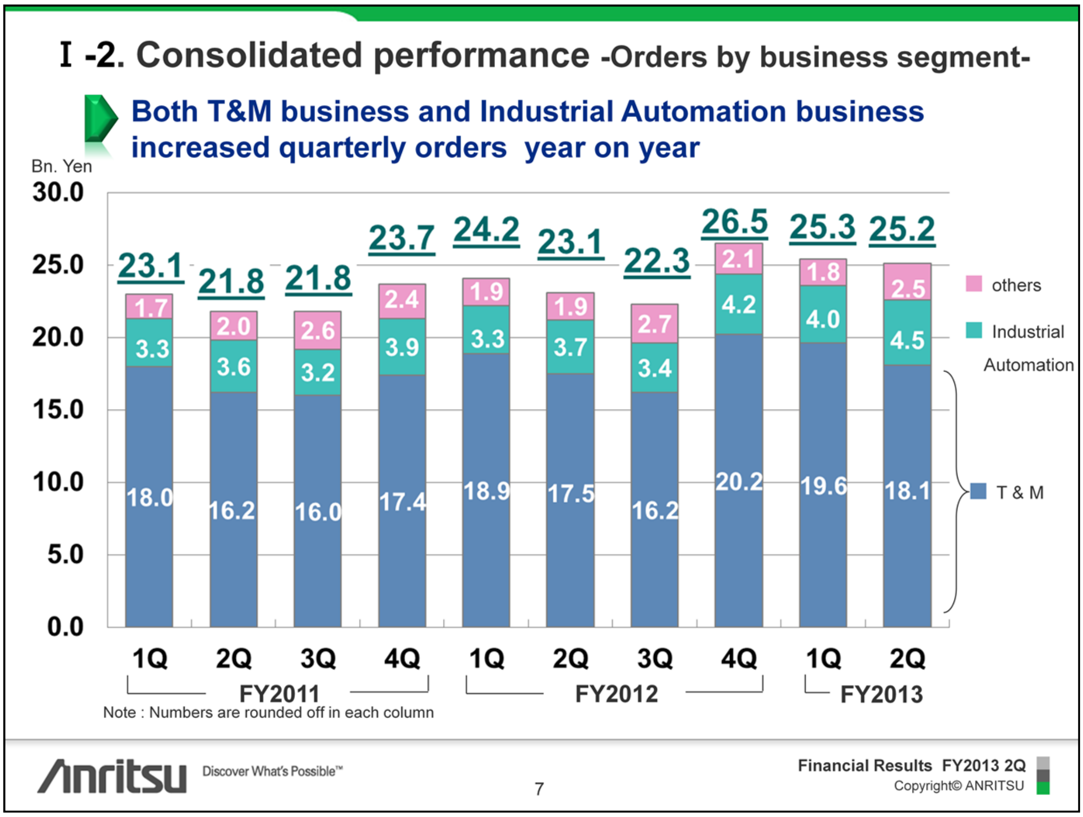
Order intake has increased by 7% to 50.6 billion yen in comparison to the corresponding period of the previous year.

Revenue increased 4% year on year to 48.1 billion yen. The operating profit decreased 27% year on year to 6.3 billion yen. This was due to increased costs relating to enhancements to our organization to support international customers, and increased costs in our international group resulting from the correction of the strong yen (weak yen). Our profit before tax was 6.6 billion yen due to foreign exchange gain associated with the weak yen exceeded financial expenses. Profit decreased 37% year on year to 4.3 billion yen. Comprehensive income decreased 9% year on year to 5.6 billion yen, as a result of recording 1.1 billion yen in exchange differences of foreign operations.



Orders for the T&M business grew by 4% year on year to 18.1 billion yen. Orders for the Industrial Automation business grew by 23% year on year to 4.5 billion yen. Accordingly the whole group grew by 9% year on year to 25.2 billion yen.

In Q1 and Q2, order intake of the T&M Business exceeded the level of the corresponding period of the previous year. Anritsu's strong markets in North America and Asia covered for the drop in order intake of the Japanese market. The trends in order intake by market varied greatly compared to the corresponding period of the previous year, in part due to the active capital investment in the mobile field in Japanese market for FY2012 H1.

There was a strong demand in the Industrial Automation business by major food manufacturers in Japan who sought to renew their equipment.

I -2. Consolidated performance -Results by business segment-

Unit: Billion Yen

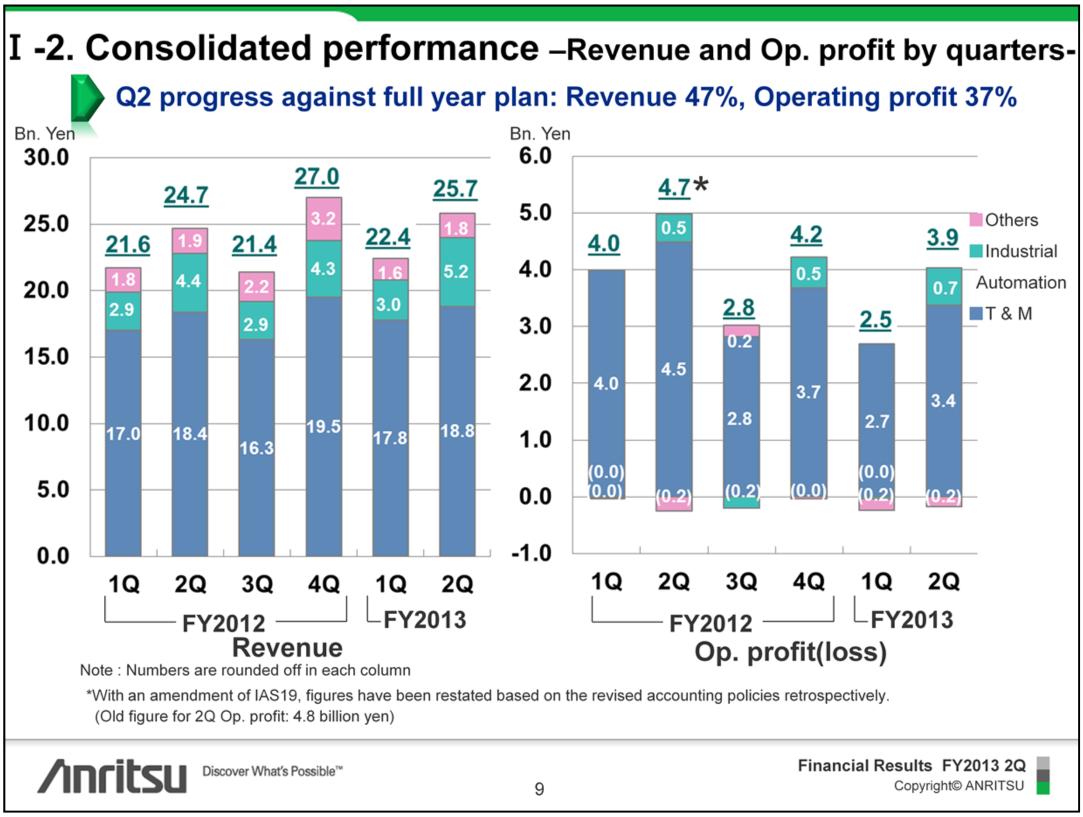
		2Q FY2012 (Apr. to Sep.)	2Q FY2013 (Apr. to Sep.)	YoY	YoY (%)
Test & Measurement	Revenue	35.4	36.5	1.1	3%
	Op. profit (loss)	8.5	6.1	(2.4)	-28%
Industrial Automation	Revenue	7.2	8.2	1.0	13%
	Op. profit (loss)	0.5	0.6	0.1	33%
Others	Revenue	3.7	3.4	(0.3)	-8%
	Op. profit (loss)	(0.2)	(0.4)	(0.2)	-
Total	Revenue	46.3	48.1	1.8	4%
	Op. profit (loss)	8.7	6.3	(2.4)	-27%

Note : Numbers are rounded off in each column

The T&M business posted a 3% year on year increase in revenue to 36.5 billion yen, operating profit of 6.1 billion yen and operating margin of 16.6%.

As for the operating margin of 16.6% in the T&M business, while there are attributing factors for the increased revenue associated with the correction of the strong yen (weak yen), increased costs and extra staffing associated with enhancing local systems for handling overseas customers along with a large-scale contraction in the Japanese market also impacted this result.

In the Industrial Automation business, revenue rose 13% year on year to 8.2 billion yen and operating profit also grew by 33% year on year to 0.6 billion yen.

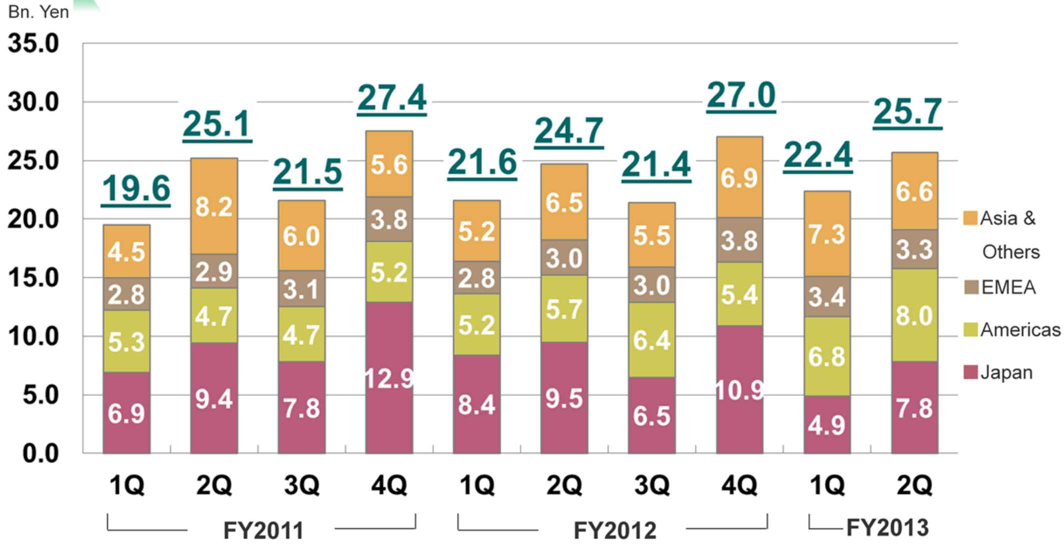


Profit margin by quarters varies depending on such factors as market mix, business mix, product mix, and seasonal fluctuations. Q2 progress rate against FY2013 full year plan was 47% for revenue and 37% for operating profit.

Operating margin by quarters for the T&M business segment was 15.2% in Q1 and 18.0% in Q2.

I -2. Consolidated performance -Revenue by region-

T&M Business in Asia and Americas Drives Performance



Note : Numbers are rounded off in each column

For the full year in FY2012, Japanese market accounted for 37% of revenue by region. Its share of revenue fell greatly from 39% in FY2012 H1 to 26% in FY2013 H1. Revenue in the Japanese market for H1 fell 29% compared to the corresponding period of the previous year.

This was due to moves by the major players in Japan to withdraw and downsize their smartphone businesses, and to hold back on capital investment in manufacturing lines.

Meanwhile, development demand relating to LTE continued to grow strongly in the Americas. In the Asian market, there are apparent moves in both the LTE development applications and smartphone manufacturing markets, and revenue increased year on year.

I -2. Consolidated performance -Cash Flow-

Creating stable cash flow

Cash Flow (Apr.-Sep.)

Operating CF : 7.8 Bn. Yen
Investing CF : (3.3) Bn. Yen
Financial CF : (2.4) Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.5Bn. Yen

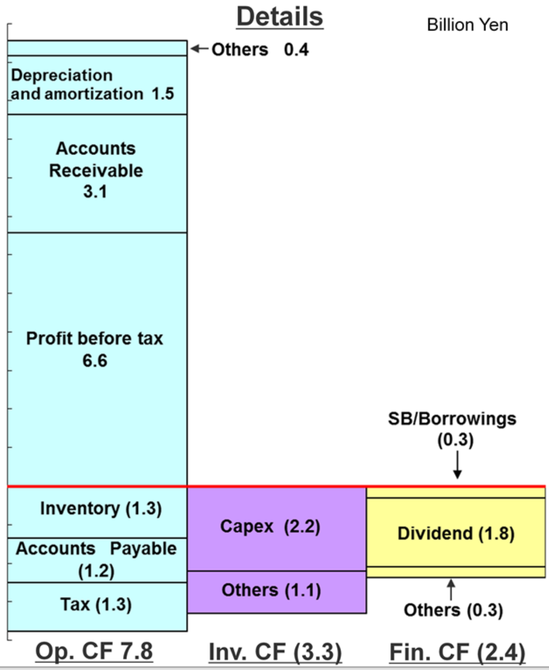
Cash at the end of period

40.5 Bn. Yen

Interest-bearing dept.

19.1 Bn. Yen

Note : Numbers are rounded off in each column



As for operating cash flow, in addition to an increase in recovery of accounts receivable, which is a seasonal factor of H1, efforts in reducing inventories led to a cash inflow of 7.8 billion yen for total working capital. As a result, operating cash flow margin turned out to be 16.2%.

Investment cash flow of 2.2 billion yen in capital investment mainly consisted of 1.1 billion yen for a new factory in Koriyama city, Fukushima prefecture. This new factory started operation from the beginning of July 2013.

As a result, free cash flow amounted to 4.5 billion yen.

The payment of 1.8 billion yen in dividends accounted for the major part of cash outflow of 2.4 billion yen in financial cash flow. The dividends paid was year-end dividends for the previous fiscal year of 12.50 yen per share.

Consequently, cash at the end of period grew by 2.8 billion yen from the beginning of the fiscal year to 40.5 billion yen.

I -3. Outlook for full year of FY2013

No change since April disclosures

Unit: Billion Yen

		FY2012	FY2013		
		Actual	Forecast	YoY	YoY(%)
Revenue		94.7	102.0	7.3	8%
Operating profit (loss)		15.7 *	17.0	1.3	8%
Profit (loss) before tax		16.1 *	16.5	0.4	2%
Profit (loss)		13.9	11.5	(2.4)	-17%
Test & Measurement	Revenue	71.2	77.0	5.8	8%
	Op. profit (loss)	15.0	15.5	0.5	3%
Industrial Automation	Revenue	14.4	15.5	1.1	7%
	Op. profit (loss)	0.8	1.0	0.2	23%
Others	Revenue	9.0	9.5	0.5	5%
	Op. profit (loss)	(0.1)	0.5	0.6	-

Note 1 : Exchange rate for FY2013 H2(forecast) 1USD = 90 yen, 1EURO=120yen
Note 2 : Numbers are rounded off in each column

*With an amendment of IAS19, figures for FY2012 Actual has been restated based on the revised accounting policies retrospectively.
(Old figures: OP. profit: 15.8 billion yen, Profit before tax: 16.2 billion yen)

The outlook for full year of FY2013 has not changed from the plan that was announced on April 25.

As described below, although some factors are currently different from the assumptions of the plan at the beginning of the year, the entire Anritsu organization aims to achieve the targets in the plan at the beginning of the year.

The mobile T&M business is a performance driver for the Anritsu Group. The macro trends in this business have not changed substantially. However, there have been major changes in external factors—particularly, in the competitive rankings of our customers, and in their attitudes toward investment. Investment in LTE development and popularization is expected to continue to grow further. In particular, a TDD-LTE service is expected to launch in China this H2 FY2013. While the growth of the higher-priced high-end smartphone market is slowing down in the Americas, Japan, Europe, and elsewhere, the market for mid and low-priced smartphones is growing rapidly in China, India, and the emerging economies. Although some markets are expanding, the Japanese market is facing challenges due to business withdrawal and curbing of investment by Japanese smartphone vendors.

Although it is called a growth market, the market and customer trends are changing at a dizzying pace. Changes in the external environment are both a business risk and an opportunity for Anritsu. Anritsu will turn this business risk into growth opportunities by responding to such market changes swiftly and accurately, and executing appropriate strategies and investments.

Ⅱ-1. Anritsu acquired world first GCF certification for LTE-Advanced Conformance Test System

Anritsu gained the *largest number of validated LTE-Advanced RF and Protocol conformance test cases in the industry

*GCF/PTCRB validated test cases: as of October 16, 2013

RF Conformance Test System
ME7873L

Protocol
Conformance Test System
ME7834

*Conformance test: Testing to determine if a mobile terminal's transmission, reception and/or protocol meets global specifications
*GCF, PTCRB: Organization to set network operation and conformance test standards for mobile terminals to ensure the interoperability between any mobile terminals and networks around the world.

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Anritsu's Conformance Test Systems have achieved the world-first GCF leadership in RF/RRM Conformance Test*1 and Protocol Conformance Test*2 for LTE Rel-10 Carrier Aggregation.

Development of commercial mobile terminals requires objective verification that devices satisfy the international standards; this is achieved by running RF/RRM Conformance and Protocol Conformance tests using systems approved by the GCF and PTCRB.

Anritsu's ME7873L RF Conformance Test System and ME7834L Protocol Conformance Test System launched support for Carrier Aggregation earlier this year and today's announcement of Carrier Aggregation GCF approvals give Anritsu the world lead in number of test cases for Band1_5 and Band3_8 as used in S. Korea.

In addition to the GCF position, Anritsu has also received the most PTCRB test case approvals for Band2_17 and Band4_17 as used in North America making ME7873L and ME7834L the foremost device approval solutions for Carrier Aggregation.

* **RF Conformance Test**

Test to verify compliance of mobile terminal TRx characteristics and performance with international standards

* **Protocol Conformance Test**

Test to verify compliance of communications procedure between mobile terminal and base station with international standards

Ⅱ-2. Received 2013 Global Frost & Sullivan Award（1）

Site master S331L

Leading the handheld, cable and antenna analyzer market

*Frost & Sullivan is a global market research company.

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“The Global Frost & Sullivan Award” is presented to companies with outstanding services and remarkable performance based on the criteria of leading-edge technology in competition, superiority, innovativeness and strategic product development in the global market.

This year, Anritsu was awarded the “Market Share Leadership Award” for Site Master and “New Product Innovation Award” for the new product PIM Master in recognition of its excellent leadership in the installation and maintenance market for base stations.

Ⅱ-2. Received 2013 Global Frost & Sullivan Award（2）

*PIM: Refers to interference created by the difference in carrier frequencies when multiple carrier frequency signals are used in communications systems with different carrier frequencies for transmitting and receiving

Improved customer satisfaction with PIM (Passive Intermodulation) measuring instruments, which have been made even more compact and lightweight for the installation and maintenance of mobile communications base stations.

The patented technology Distance-to-PIM(TM) has become an “industry de facto standard,” and its innovative elements of utilizing the latest technology is a rated feature and benefit for raising the product’s customer value.

Ⅱ-3. Added to the "FTSE4Good Index Series" constituent

Anritsu was adopted as a constituent in the September 2013 FTSE4Good Semi-Annual index review

Rated as an outstanding company for risk management in Environment, Society and Governance (ESG)

Anritsu is the only Japanese company among the 30 new companies to be added to the FTSE4Good Index Series at this review.

As of September 2013, there are 749 companies from around the world in the FTSE4Good Index Series (including 180 Japanese companies).

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*FTSE4Good Index Series:
The index recognized as a leading global indicator of socially responsible investment (SRI), and consists of constituent companies that meet global standards on ESG.

Anritsu focuses on the following four initiatives for CSR goals:

1. Contributing to Build a Safe, Secure, and Comfortable Society;
2. Maintaining Harmony with the Global Socio-Economy;
3. Promoting Global Environmental Protection;
4. Promoting Communications

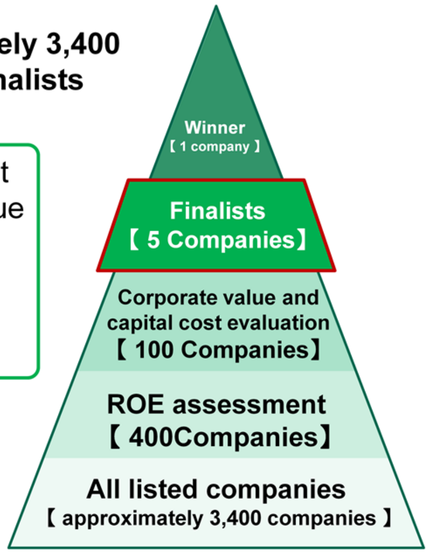
These four CSR initiatives are also essential elements of enterprise value. Bolstered by our selection as a constituent in the FTSE4Good Index Series, which is rated in the global investment market within SRI as well, we will continue to actively work towards achieving unique Anritsu CSR goals.

Ⅱ-4. Selected as a finalist for the Tokyo Stock Exchange (TSE) "Corporate Value Improvement Award"

Only 5 companies from the approximately 3,400 listed companies were nominated as finalists

The Award is presented to companies that have significantly improved corporate value through management that strives to raise corporate value while strongly incorporating capital costs and other investor perspectives.

The winner will be decided in December 2013.



Anritsu strives to raise its corporate value so as to meet the expectations of all shareholders and investors. The key management indices for measuring the level of improvement are: (1) ACE (Anritsu Capital-cost Evaluation=After-tax operating profit – capital cost), Anritsu's original index for creating economic added value; and (2) ROE, for measuring the return efficiency over shareholders' equity. Encouraged by our selection as a finalist, we will step up our "capital-cost conscious management" and "continuous growth with profits."

Anritsu

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We appreciate the support and cooperation of all our shareholders and investors. This concludes our performance report for the 2nd quarter of the Fiscal Year ending March 31, 2014.